

Kentucky

Consumer Guide to Auto and Home Insurance

Kentucky Department of Insurance

Paul E. Patton, Governor



Kentucky Consumer Guide to Auto and Home Insurance

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KENTUCKY CONSUMER GUIDE TO AUTO AND HOME INSURANCE

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Consumer Guide to Auto Insurance

General auto insurance terms

Actual Cash Value (ACV) – The amount your car was worth on the open market the second before the accident occurred. This is not to be confused with the amount of money you still owe on your loan if you have financed your car.

After Market Parts – Auto replacement parts made by and obtained from a source other than the original equipment manufacturer (OEM).

Bodily Injury Liability – Coverage for expenses related to injuries or the deaths of others caused by an accident in which you were judged to be responsible. (See also property damage.)

Cancellation – Refers to the ending of your policy before renewal date or expiration.

Captive or Exclusive agent – An agent who represents only one company.

Collision Coverage – Pays for damages to your vehicle caused by collision.

Comprehensive Coverage – This pays for damages to your vehicle from losses other than by collision. Comprehensive losses include fire, theft, vandalism, flood, falling objects, colliding with a bird or animal, etc. Glass breakage may be included in comprehensive coverage. *If you have a deductible for comprehensive coverage, that deductible does not apply to glass breakage in the windshield, doors or windows, or in the glass or other materials used on the lights.*

Deductible – The portion of damages you pay before your insurance company begins paying.

Endorsement – Attachment to your insurance policy. For example, you might add an endorsement for rental car coverage.

Independent agent – An agent who represents a number of companies.

Local Government Premium Tax – Cities and counties in Kentucky can assess a tax on your insurance premiums. This usually will be listed as a separate charge on your bill.

No-Fault – Also known as Personal Injury Protection (PIP). A commonly misunderstood term. It has nothing to do with who was responsible for or caused the accident. Basic no-fault coverage pays up to \$10,000 for medical expenses, lost wages and similar “out-of-pocket” costs due to an injury occurring in an automobile accident, regardless of who is at fault. Added coverage or deductibles are available. Your right to sue the other parties and the rights of the others involved to sue you are limited. You may reject the limitations on your right to sue or be sued. The rejection must be in writing on a special form and must be filed with the Department of Insurance. The rejection will remain in effect until you notify the Department in writing of any change.

Nonrenewal – Applies if an insurance company notifies you, at the time of renewal, that it no longer plans to offer you coverage. The company must give you a reason in writing at least 75 days prior to the expiration date of your policy.

Personal Injury Protection (PIP) – see **No Fault**.

Property Damage Liability – Coverage for damage or destruction to another person's property because of your negligence. Some companies bundle this with bodily injury coverage into single limit liability (SLL) coverage.

Rating – Based on the results of the underwriting process, the company assigns a price based on what it estimates it may cost to insure you. The higher the estimated cost, the higher your rates will be.

Surcharge (Kentucky Premium Surcharge) – A separate charge on your insurance premium notice. Insurance companies must collect this money, which goes to fund programs for police officers and firefighters.

Underinsured Motorist (UIM) – This coverage pays for bodily injuries to you and/or your passenger that exceed the limits of the responsible party's policy, up to the UIM limits. Like uninsured motorist coverage, this applies only to bodily injury, not to vehicle damage.

Uninsured Motorist (UM) – This coverage pays for bodily injuries to you or a passenger if an accident is caused by a driver with no insurance or by a hit-and-run driver, up to the UM limits. This does not cover damages to your vehicle.

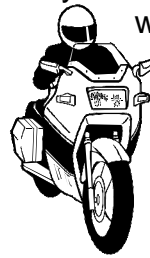
Underwriting – When a company "underwrites" your business, it is assessing the risk associated with insuring you.

Zero Tolerance – The equivalent of "one strike and you're out." This relates to alcohol-related traffic violations by minors.

Special information for motorcyclists

To operate a motorcycle in Kentucky, a driver must have a valid motorcycle operator's license and must use approved eye-protective devices. The motorcycle must have a rearview mirror.

If you want to operate a motorcycle without protective headgear, you must provide proof of health insurance to your county clerk. You will be given a decal to place on your license plate. If your health insurance policy is canceled or nonrenewed, the Department of Vehicle Regulation will be notified. You will have 30 days to show proof of health insurance. If you do not show this proof, your operator's license will be suspended for 90 days or until proof of health insurance is offered.



Owners of motorcycles must maintain basic liability coverage. Talk to your agent about other options, including no-fault personal injury protection.

Kentucky Point System

The Kentucky Point System identifies people who may be habitually negligent drivers. Under the Point System, a driver starts with no points, but accumulates points for various offenses – speeding, driving under the influence, etc. Upon the accumulation of 12 points (seven points if under age 18) within a two year period, a driver's privilege to operate a motor vehicle may be suspended.

Tips for reducing your auto insurance rates

Be a comparison shopper. Make some phone calls. Compare rates. Talk to your friends and neighbors. Take the time to research so you will purchase the best product for your needs. Check out the company's A.M. Best rating, an indicator of the company's financial stability. This report should be available at your local library or you can call the Kentucky Department of Insurance for more information.

Raise your deductible; limit your claims. You can save money on your premiums by raising your deductible, although you will pay more out-of-pocket before your company pays if you experience a loss. Assuming no other party was involved, consider paying for small losses without filing a claim with your insurance company. This may reduce the possibility of a rate increase or non-renewal of your policy.

Decrease your risk of loss. Be careful where and how you park your car. Lock your doors. Don't leave valuables in your car. Obey traffic laws, wear your seat belt and don't use your cell phone while driving. Don't drink and drive.

Ask about discounts. If you are retired, belong to a business association or have been insured with a company for a number of years, you may be eligible for special savings. Drive carefully and defensively; your driving record can have a major impact on what you pay to insure your vehicle. Ask about premium reductions for students who earn good grades and/or take a driver education class. Take advantage of low mileage and anti-

theft device discounts. Some companies may offer a discount if you insure both your home and car with the same company.

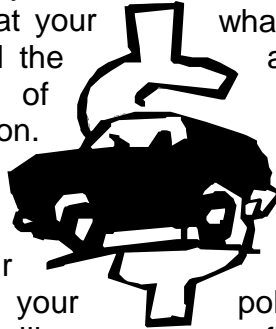
Review annually your policy limits and the value of the vehicle(s) you have insured. Some consumer groups advise you to drop collision and/or comprehensive coverage on older vehicles. Be certain you have talked to your agent and understand what this decision could mean if you are in an accident.

Check out rates before buying a car. The cost of insuring a high-performance vehicle could be high, especially if you have teenage drivers on the policy. Consider buying a low-profile or family car. Remember, the more expensive the car, the higher comprehensive and collision coverage will be. Also consider the car's safety features and whether it is attractive to thieves.

Reduce your daily driving. The more you drive, the greater your chance of an accident. If possible, consider car-pooling or mass transit to cut down on your daily mileage.

Before calling for quotes, gather the following information:

- ☞ Model, year and make of your vehicle.
- ☞ Vehicle identification number.
- ☞ Name and address of your bank or financial institution if the car is financed.
- ☞ How many miles you drive each year and general information on how you use your vehicle.
- ☞ Primary driver and others who will drive the vehicle. Estimate the percentage of time each uses the vehicle.
- ☞ Drivers' accident and violation history.
- ☞ Any safety or anti-theft features your vehicle has.



Kentucky Automobile Insurance Plan

If you are unable to find insurance through the regular market because of your driving record or claims experience, you may apply for coverage through the Kentucky Automobile Insurance Plan (KAIP) by contacting any agent or broker who sells auto insurance.

It is important that you try to shop around for insurance before applying for coverage through KAIP. KAIP operates as an insurer of last resort.

Your insurance agent or broker will submit an application to KAIP on your behalf. In order to qualify, you must:

- ☞ certify that you have been refused automobile insurance coverage within the last 60 days;
- ☞ provide a premium deposit with the application; and
- ☞ maintain your principal residence in Kentucky, or the automobile to be insured must be registered in Kentucky.

All property and casualty insurance companies doing business in the Commonwealth fund KAIP. You will be assigned to a company and an agent. The plan does not handle claims. If you are in an accident or suffer a loss, you should contact your company or agent.

If you are under KAIP and find that you qualify for lower cost coverage from another source, you may cancel your policy with KAIP at any time. Your coverage costs will be prorated and any money due you will be returned.

For more information on KAIP, contact any licensed property and casualty agent in your area or call

KAIP at (502) 327-8909 or (888) 222-7702. You also may call the Department of Insurance at (800) 595-6053.

Assessing your rates

Insurance companies look at a variety of factors in determining your auto insurance rates. These factors can vary from company to company. If you are shopping for a new policy, it makes sense to contact several insurance companies for quotes. You may fall into different "risk" categories among companies.

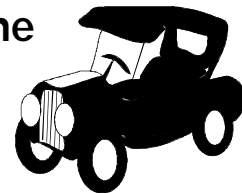
In general, the "preferred" rates go to households with no underage drivers, who have clean records and don't drive "sporty" cars.

"Standard" rates go to households who drive slightly sporty cars, have less than perfect driving records or have younger drivers.

The "non-standard" rates apply to all the rest, including those with a number of tickets and accidents.

Obviously, the person who qualifies for the preferred rate will pay significantly less than those in the non-standard market.

According to insurance history, the first auto insurance policy cost



\$7.50 and was for \$1,000 worth of liability coverage.

Questions and answers about auto coverage in Kentucky

I have automatic seatbelts in my car. Isn't that enough protection?

Lap/shoulder belts are effective in frontal crashes at low and moderate speeds. However, people wearing belts can be seriously injured at higher speeds. Their heads and faces are especially vulnerable. Air bags prevent many of these injuries. Manual lap/shoulder belts are reasonably effective in preventing auto accident injuries and deaths. The National Highway Traffic Safety Administration maintains 12,000 to 15,000 lives could be saved annually if all passenger car occupants used safety belts at all times. In addition, some insurers offer discounts to people who buy cars equipped with automatic lap/shoulder belts and/or air bags.

I'm going to purchase a new car. How does the make and model help determine the cost of my premium?

Any vehicle can be involved in an accident or be stolen; however, some have records worse than others. Some models suffer heavier damage at lower speeds than others – and are generally more costly to repair. It would be wise to check with



your agent before purchasing a new vehicle. Many insurance companies, car manufacturers and consumer groups offer information to help you with this decision.

My insurance company canceled my auto insurance. What are my legal rights?

You have four days from the date you receive such a notice to ask the Kentucky Department of Insurance, in writing, to review the company's action. The Insurance Commissioner then will obtain an explanation from

the insurer and will inform you of the results.

I know insurance companies sometimes offer discounts on auto policies. What should I ask about?

You might ask about the following:

- ☐ Good driver
- ☐ Driver education for teens
- ☐ 55 and older driver
- ☐ Car-pool driver
- ☐ Multi-car household
- ☐ Multi-policy
- ☐ Anti-theft device
- ☐ Seat belts/air bags
- ☐ Non-smoking driver

My insurance agent said I am required to carry at least 25/50/10 coverage. What does she mean?

This is the minimum amount of coverage required by law in Kentucky. The numbers mean that you have \$25,000 maximum total for bodily injury coverage per person/\$50,000 maximum total for bodily injury coverage per accident/\$10,000 limit on property damage. Although this coverage is legally sufficient and the premiums would be inexpensive, it may not be enough to protect you and your assets in the event of a claim against you. Be sure to discuss this with your agent and ask him/her questions about anything regarding your policy that you don't understand.

What can happen to me if I drive without insurance?

If the Department of Vehicle Regulation is made aware that you are driving without insurance, that Department will revoke the registration of your motor vehicle. If a law enforcement officer stops you, you may face a fine ranging from \$500-1,000, be sentenced to 90 days in jail, or both, plus the suspension of your license plates. Fines and

penalties for repeat offenses may be greater. Your insurance company probably will put you in the “high-risk” category with increased premiums or no longer renew your policy.

My budget is fairly tight and I usually don’t pay my auto insurance premium until close to the due date. What type of grace period will I have if my payment is late?

NONE! Unlike some other types of insurance, there is no grace period for the payment of auto premiums. When the policy states that the policy ends on a certain date at a certain time, that is exactly what it means! If paying the entire amount at once is difficult, most insurance companies offer a plan to allow you to spread the payments over a number of months.

I thought I had full coverage on my car. However, when I was in an accident, my insurance company refused to pay for my rental car. Wasn’t that part of my coverage?

No. Coverage for a rental car is a separate endorsement and is not part of your regular insurance coverage. Talk to your agent about adding this coverage if you think it’s needed.

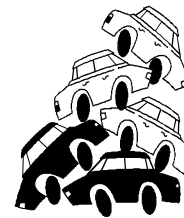
I just received a 75-day non-renewal notice from my auto insurance company. I have been in two accidents in the last year and was cited for disregarding a traffic signal. Are these grounds for non-renewal?

Yes. In general, your auto insurance company can issue a 75-day non-renewal for any reason except your credit record, natural causes losses, being previously insured by a non-standard company, your age, or a disability that does not impair mechanically assisted driving. If you have reason to question the non-

renewal, you may request, in writing, that the Insurance Commissioner look into the matter for you. This request must come within four days after you receive the non-renewal notice.

I just received a cancellation notice from my auto insurance company. It’s still months from my renewal date. Can they do this?

An insurance company can cancel you mid-term ONLY for non-payment of premium (14-day notice) or if your license or registration is suspended or revoked (20-day notice). If you believe your policy has been canceled in error, you may contact the Kentucky Department of Insurance within four days of notification for assistance.



I’m planning to switch companies. Is there anything I should know?

Your new company will underwrite your business, meaning they will look at the risks associated with insuring you. If you don’t meet their guidelines, they can cancel your coverage within 60 days. For this reason, be very cautious and make sure you reveal any relevant information about your driving record or claims history. Something you’ve omitted could result in cancellation.

I sold my car and did not buy another one for six months. When I reapplied for coverage, my insurance company said they couldn’t issue a policy to me because of this lapse in coverage.

Can they do this?

No. Assuming you were not convicted of a traffic violation during the time you were without insurance and that you reapplied for coverage to the same company within 24 months, the company must issue a policy. In addition, the company cannot charge a higher premium based solely on the fact that you were without insurance during that six-month period. This also applies if you were out of Kentucky, your car was out of service or was inoperable and in the process of being repaired, or if you were unable to pay the premiums because of unemployment or proven financial hardship.

My windshield was shattered when a rock hit my truck. The body shop told me that I don't have to pay a deductible for the replacement of this glass. Is that true?



Yes. If you have comprehensive coverage, the repair or replacement of safety equipment (the glass in your windshield, doors and windows, as well as the glass, plastic or other materials used in your lights) will be covered without any deductible.

I want to save as much money as I can on my auto insurance. I've been reading about discounts for anti-theft devices. I know the discounts range from 5 percent to 20 percent. If I install two devices, one that knocks off 20 percent and the other one worth a 5 percent reduction, can I lower my cost by 25 percent?

The installation of anti-theft devices is a great money-saver for auto insurance shoppers, and it makes your car safer to own by limiting the

attractiveness to thieves. However, the law states that if two or more devices are installed, your total discount will be equal to that for the anti-theft device with the higher discount. For example, if you install a device that locks the steering column, worth a 5 percent discount, and an electrically operated hood lock worth a 20 percent discount, your total reduction for anti-theft devices would be the higher of the two or 20 percent.

I've heard quite a bit lately about insurance fraud. Just how costly is it and how can I be a better informed consumer?

According to national estimates, insurance fraud may cost up to \$120 billion a year. The losses are passed on to the consumer through higher premiums and increased costs of doing business. Investigators look for a number of "red flags" including an accident with no witnesses, a lengthy recovery period, unusual medical treatment, fake applications or claims, improperly issued policies, a lack of cooperation, inappropriate medical billing, excessive demands and cash transactions. Allegations of criminal activity involving insurance may be reported to the Department of Insurance Fraud Investigation Division at (502) 564-1461. A report form is available on the department's web page at <http://doi.ppr.ky.gov>.

Kentucky
Department of
Insurance
Consumer Hotline
1-800-595-6053

Special information for teen drivers

Auto accidents are the leading cause of death for 15- to 20-year-olds.

Five out of 20 teen drivers will be involved in an auto accident; about one in 20 will be in a fatal or serious injury accident.

Nationwide, eight young people die each day in alcohol-related crashes.

So, how do you as a teen driver avoid being involved in an accident?

Some helpful tips are:

- 🚗 Remember, your car is a deadly weapon. Respect this fact.
- 🚗 Do not drink and drive. Kentucky is a “zero tolerance” state when it comes to youth drinking and driving. If you drink, don’t get behind the wheel. And, don’t get in a car with any driver who has been drinking. The same rules should apply for drug use.
- 🚗 Always wear your seat belt and make all your passengers buckle up, too. It’s not just common sense; in Kentucky, it’s the law.
- 🚗 Obey the speed limit.
- 🚗 Keep your radio turned down so you can hear emergency sirens and react appropriately.
- 🚗 Don’t try to do other things while driving. This is not the time to use a cell phone, put on make-up, eat, change the radio station, etc. If it is necessary to do any of these things, find a safe place to pull off the road (not in an emer-

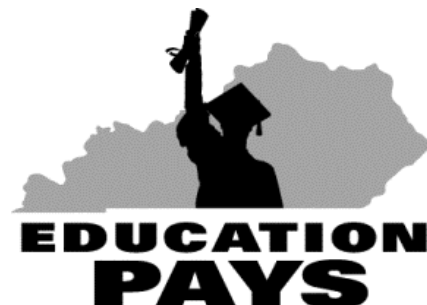


gency lane!) and stay parked until you are finished.

- 🚗 Make sure your car is well-maintained. Keep your windshield clean and your tires properly inflated.
- 🚗 In every driving situation, make sure you drive defensively. Play the “what if” game...what will I do if that car turns in front of me? Always be aware of what is going on all around you. See the big picture.
- 🚗 In bad weather, adjust your speed and driving habits accordingly. You will not be able to stop as quickly on wet or snowy pavement, and you need to allow more space between your car and the ones in front of you. Use your headlights as needed.

What’s new in Kentucky?

In 1996, the Kentucky General Assembly passed the Graduated Driver’s License Law to reduce Kentucky’s high teenage vehicular fatality rate. It includes a “zero alcohol tolerance” for drivers under 21, a lower point system threshold for minors, and a six-month “permit period” during which a new driver must be accompanied at all times by a licensed adult who is at least 21 years old. In addition, all drivers must complete a cabinet-approved driver’s education course within one year of licensure.



Tips for parents of teen drivers

No other nation grants full driving privileges to 16-year-olds. In the United States, turning 16 is regarded as the age when independence truly begins. No longer do teens have to rely on Mom and Dad for a ride to the mall or to go on a date.

Unfortunately, statistics show that most 16-year-olds are not up to the new challenge.

Most experts agree that the high rates of teen accidents and fatalities are caused by inexperience at the wheel, recklessness and risk-taking behaviors, poor judgment and over-confidence. Teens often are slower to perceive danger and may not relate it to themselves – “I’m immortal.”

Most accidents involving teens can be attributed to driver error. Speed often is involved, and many incidents are single-vehicle crashes.

There’s also the high cost of insurance coverage for teen drivers.

Parents need to be aware that a child’s traffic violation or accident can lead to the cancellation of insurance for the entire family. Under Kentucky law, a spouse or dependent cannot be excluded from your policy.

Some tips for reducing the cost of insurance:

- 🚗 Let your teen drive the safest car you own. Larger cars and safety

features such as air bags and anti-lock brakes reduce the risk of injury. In addition, rates will be lower if the teen is driving a “family” car and not a high-performance model.

- 🚗 Make it clear that drinking and driving is not acceptable. In addition to the obvious dangers, your child needs to realize that a conviction for driving under the influence most likely will mean the only insurance option will be a high-risk carrier – with corresponding higher rates. Also, remind your teen driver of the future importance of a clean driving record.
- 🚗 Look for “good student” discounts.
- 🚗 Remind your teen that seat belts are not optional – and this includes belts for all passengers. Not only is it common sense, in Kentucky, it’s the law. Besides increased safety, this limits the temptation to pile too many teens into the car.
- 🚗 Ease your child into challenging situations and add driving privileges as the skill level improves.

Most commonly stolen vehicles

According to the most recent National Insurance Crime Bureau report, the top 10 stolen vehicles nationwide are:

1. Honda Accord
2. Toyota Camry
3. Oldsmobile Cutlass
4. Honda Civic/CRX
5. Ford Mustang
6. Toyota Corolla
7. Chevrolet Full Size Pickup
8. Nissan Maxima
9. Jeep Grand Cherokee
10. Ford F150 Series Pickup

If you are in an accident

Unfortunately, even careful drivers may be involved in an accident. If you are, follow these tips.

Obviously, if someone is injured, you should call for help immediately. Provide basic first aid but don't move an injured person unless you have medical training.

Make note of the time of day, any weather factors that may have contributed to the accident, the position of the cars, etc.

Courteously exchange information with the other parties involved such as names of other drivers involved, addresses, phone numbers, driver's license numbers, insurance companies and policy numbers, if possible. If there were witnesses to the accident, get their names and telephone numbers.

If the police are called, make a note of the reporting officer's name.

Report the accident to your insurance agent or company as soon as possible, even if you were not at

To file a claim

fault.

If your car is involved in an accident, is damaged by fire, flood or vandalism, or is stolen, follow these steps to file a claim.

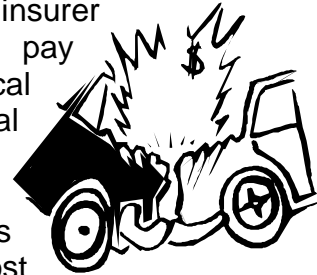
Phone your insurance agent or local company representative as soon as possible. Even if you are far from home or if someone else caused the accident, you should make contact right away. Ask your agent how to proceed and what forms or documents you may need to support your claim. Your company

may require a "proof of loss" form, as well as documents relating to your claim, such as medical and auto repair bills and a copy of the police report.

Supply the information your insurer needs. Cooperate with your company in its investigation, settlement or defense of any claim and immediately turn over copies of any legal papers you receive in connection with your loss. Your liability insurer will represent you if a claim is brought against you and will defend you if you are sued.

Keep records of your expenses.

Expenses you incur as a result of an automobile accident may be reimbursed under your policy. Remember, for example, that your no-fault insurer usually will pay your medical and hospital expenses and possibly other costs such as lost



wages or at least part of your costs if you have to hire people temporarily to assist you with household chores.

Keep copies of everything. Store copies of all documents in your own files. You may need these later.

Other tips

Keep your insurance card and your registration in your car at all times.

Make sure you have emergency telephone numbers, including the number of your agent or company, in your glove compartment.

If you have any medical conditions or allergies, keep a medical card where emergency personnel can find it quickly. This could save your life.

Sample Policy: For Educational Purposes Only

ABCXYZ Insurance Company
Automobile Policy Declaration

Jane Doe
123 4th St.
Anytown, KY 12345

Policy Number: 01234567
Policy Date: 01/19/1999
Expires: 07/19/1999

Insured Vehicle: 1996 Mercury Mystique Vehicle Identification Number: 1ABCD2345EF678910

<u>Premiums</u>	<u>Coverages</u>	<u>Limit of Li</u>
\$74.60	Bodily Injury	\$100,000 ea \$300,000 ea
\$30.00	Property Damage	\$100,000 ea
\$1.50	Medical Expense	\$1,000 each \$5,000 each
\$57.10	Auto Damage - other than collision	No deductil
\$91.00	Auto Damage - collision	\$500 deduc
\$16.40	Uninsured Motorist	\$100,000 ea \$300,000 ea
\$60.10	Underinsured Motorist	\$100,000 ea \$300,000 ea
\$25.70	Personal Injury Protection	\$10,000 ba \$10,000 ad
\$46.34	Tax and/or Surcharge	
\$402.74	Policy Amount	

“Surcharge” is a 1.50 percent Commonwealth of Kentucky premium surcharge.

Discounts: Multi-car, anti-lock brakes, passive restraints

Sample Policy Explanations

Be sure to read your entire policy!

The cover page of your policy is called the “declaration” or “dec” page. The top of the page will include the name of name and address. Be sure to notify your company if your address changes. This will help avoid a delay in receiving policy number will be listed. Keep this on hand in case you ever need to call about your coverage.

The policy also will show the date your policy goes into effect and the date it expires. Keep in mind that most policies local time on the listed date.

The insured vehicle and its vehicle identification number will be listed. Make sure these are accurate.

The “Premium” column shows the amount of money you are paying for each type of coverage. The “Coverage” column covered by your policy. The “Limit of Liability” column shows the monetary limits your insurance company will pay

Bodily Injury covers expenses related to injuries or the death of another caused by an accident where you were judged your negligence.

Property Damage covers damage or destruction to another’s property because of your negligence.

Medical Expense covers medical costs for you or passengers in your car regardless of who caused the accident.

Auto Damage Other Than Collision covers losses caused by an act other than collision. This may include theft, fire

Auto Damage - Collision pays for damages from your car’s impact with another car or object.

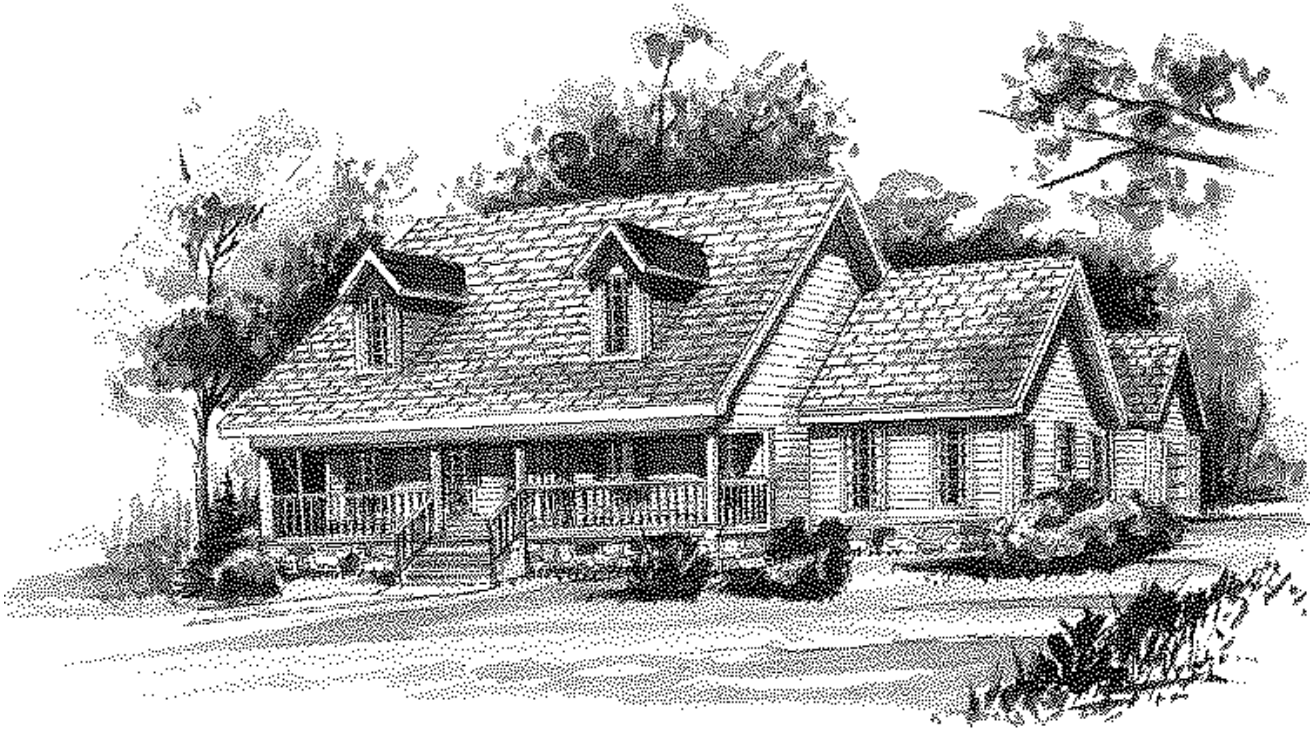
Uninsured Motorist (UM) coverage pays for injuries to you or a passenger if an accident is caused by a driver with driver. This does not cover damages to your vehicle.

Underinsured Motorist (UIM) coverage pays for injuries to you or a passenger that exceed the limits of the response uninsured motorist coverage, this applies only to bodily injury, not to vehicle damage.

Personal Injury Protection allows for immediate payment of medical claims, lost wages, replacement services, survivor’s replacement services, etc., regardless of who is at fault. This coverage generally follows the car.

A 1.50 percent Kentucky premium **surcharge** is added to your insurance premium. Some cities and counties also may tax.

Discounts should be listed on your premium notice and may include discounts for multi-car households, anti-lock brakes, anti-theft devices, etc. Ask your agent about available discounts.



Consumer Guide to Home Insurance

General home insurance terms

Actual Cash Value – Cost to replace or repair the property, taking into consideration age and condition. Equal to replacement cost minus depreciation.

Additional Living Expenses – Pays costs above your normal expenses if your home is damaged by an insured event to the extent that you cannot live there while repairs are being made.

Adjuster – Person professionally trained to determine the amount of a claim, loss or damage and negotiate a resolution. Some are company employees while others work for independent adjusting firms or are self-employed.

Exclusion – Contract term referring specifically to property, people, situations or items not covered by your policy.

FAIR Plan – The Fair Access to Insurance Requirements (FAIR) Plan. Operates as an insurance company for people who are unable to buy insurance in the regular market.

Fire Protection Classes – Determined by the Insurance Service Office (ISO), this is a rating of how well a community handles the reporting of, response to, and fighting of a fire. One has the highest protection; 10 has no protection.

Floater – Coverage added to an insurance policy to cover special items such as antiques or jewelry.

Inventory – List of your possessions and their values. It's a good idea to have photographs or a videotape of

the rooms of your house and specific items of value. Be sure to keep any receipts you may have. Keep a copy in a secure location away from your home such as in a bank safe deposit box or in your desk at work.

Medical Payments - Pays medical expenses for people accidentally injured on your property, by a member of your family, or by your pets, without regard to fault.



National Flood Insurance Program (NFIP) – Offers flood insurance. About 300 communities in Kentucky participate in the plan. Can be contacted directly or through your agent.

Perils – Events that cause damage to property such as fire, windstorm and theft.

Personal Liability – Protects you against a claim or lawsuit because of bodily injury or property damage to others caused by you, either unintentionally or through your negligence.

Replacement Cost – Cost to replace your property without considering age or condition of the original item. Be aware that some companies will offer actual cash value until they have proof that the property has been replaced.

The Kentucky FAIR Plan

Created in 1968, the Fair Access to Insurance Requirements (FAIR) Plan is a group that operates as an insurance company by making homeowner's and other property insurance available to people who are unable to buy insurance through regular markets.

A person might be unable to purchase homeowner's insurance through the regular market for a number of reasons. For example, a large number of claims or living in a remote area far from fire protection might make it difficult to get a policy through the traditional market.



A seven-member committee is the FAIR Plan's policy-making body. A staff of insurance professionals not affiliated with any particular insurance company manages the plan. All property and casualty insurance companies doing business in Kentucky participate in funding the plan and share in the losses and profits, if any.

Almost anyone can buy insurance through the FAIR Plan, if the property meets basic fire, loss prevention and safety standards. However, most people who want to insure their property can get broader coverage, usually at a better rate, in the competitive market.

The FAIR Plan offers basic coverage. The basic dwelling policy protects buildings, homes and personal belongings against such hazards as fire (including damage by lightning), wind, hail, explosion, smoke, damage by vehicles or aircraft, vandalism and malicious mischief.

The FAIR Plan's homeowner's policy protects against all of the perils listed in the previous paragraph and also provides limited theft and personal liability coverage, in case someone is injured on your property. Up to \$150,000 of protection is available on a private dwelling and up to \$1 million on commercial property, not including farm and manufacturing properties.

In general, the FAIR Plan will cover any property in Kentucky. However, if an inspection of the property reveals any hazardous conditions, the owner will be notified and given time to correct the hazards. Once the work is completed, coverage may be provided.

If you are insured in the FAIR Plan and have a loss, you should contact your agent or the FAIR Plan office at (502) 425-9998 and report it immediately. Make a list of damaged or destroyed items with estimated values to submit to the plan administrators.

If you are insured through the FAIR Plan, you should continue shopping for a better rate. You would be able to cancel your FAIR Plan policy without fear of penalty if you find a better rate elsewhere.

FAIR Plan

(502) 425-9998

(888) 222-7702

**Kentucky Department
of Insurance**

(800) 595-6053

Questions and answers about home coverage in Kentucky

What is covered under a standard homeowner's policy?

It is very important that you read and understand your policy. If you have questions, please contact your agent. However, in general, a standard homeowner's policy would cover the structure of your house (your home and any attached or detached structures), the contents of your home (furniture and personal belongings), and additional living expenses following a covered loss. You should discuss personal liability and medical payments coverage with your agent to determine if your coverage is adequate.

How can I learn more about flood insurance?

If your community is one of the almost 300 in Kentucky that has chosen to participate in the National Flood Insurance Program (NFIP), you can protect your home, business and belongings against flood loss. In addition to NFIP, some private insurance companies are offering flood insurance. There is usually a 30-day waiting period before the coverage goes into effect. To contact NFIP, call 1-800-638-6620.

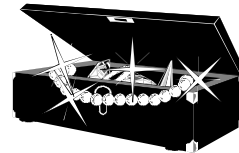
If I do suffer a loss, should I get the damage repaired as quickly as possible by the first contractor I can find?

Unfortunately, disasters and rip-off artists often go hand-in-hand. You are at your most vulnerable during this time, so be careful if someone appears to be trying to cash in on your misery. Avoid "rip-off artists" who overcharge, perform inferior work or leave town before the job is finished; deal only with reputable and insured contractors. Check the track record of anyone you are thinking of

hiring and ask those you trust for recommendations. Call the Better Business Bureau to see if there are any complaints on file against the contractor or company. Be particularly suspicious of those who come to your door selling their services, especially if they aren't known in the community or seem to be offering dramatically reduced prices. You may have to wait longer to have the work done, but it will be worth it!

My agent has suggested that I keep an accurate record of my belongings in case I need to file a claim. What should I include?

It is almost impossible for us to remember what items were in various rooms of our house. Just to prove the point, pick a room in your house. Now close your eyes and try to list everything in that room. Chances are, you will have an incomplete, and perhaps inaccurate, list. It is best to take a



complete inventory of your belongings. Videotaping all your rooms is a good idea. You also could take photos to go with your written list. Many people store all the information on a floppy disk. Just make sure you keep a copy of your disk, tape, written list or photos in a separate location such as with a relative, in a safe deposit box or in your desk at work. Gather up as many receipts as possible — especially those for major purchases such as furniture and appliances. Many agents also recommend that you keep a copy of your insurance policy at another location. Remember, do not store these records in your house! Update your list on a regular basis and keep records of any new purchases or remodeling. These records will be

very important if you ever need to file an insurance claim.

I want to get a number of quotes but don't have time to waste. What can I do to speed up the process?

To make certain the price quotations are accurate, be certain to give the same information to each company. You may gather the following to save time: a description of your house (brick, wood, etc.); the distance from the nearest fire department and fire hydrant; the square footage; any security devices you may have; the coverage and limits you want; and a photo of your home.

What's the difference between replacement cost and actual cash value?

Replacement cost is the amount it would take to replace or rebuild your home or repair damages with material of similar kind and quality at today's prices. Actual cash value is the amount it would take to repair or replace your home after factoring in depreciation. Depreciation takes into account the age or wear and tear on your property. Obviously, coverage for replacement cost usually has a higher premium. However, it is something you want to discuss with your agent to avoid an unpleasant surprise if you ever have a claim. For example, if you remodel, this will increase the replacement cost of your home, but the actual cash value usually will decrease over time.

What exactly is an "Act of God" and does my policy cover one?

"Act of God" generally refers to a natural disaster such as a tornado. A typical policy covers losses caused by natural occurrences – with the exception of floods and earthquakes. You will need extra protection for those two natural disasters. This term is frequently used in the adjusting of liability claims to deny

fault on the part of the other party because the damage was not due to his/her negligence.

I'm planning to purchase an older home, built in the 1800s. My agent said my current policy wouldn't cover rebuilding costs. Why?

Many older homes, especially those of historical significance or with unique architectural aspects, would cost more to replace than the home's market value. Some building materials used in the 1800s are no longer available today. Others would be so expensive that it would be nearly impossible to return your home to its former condition. If you are interested in getting a rate for a policy to cover actual replacement cost, contact your agent. You will have to do your homework to arrive at replacement cost figure. The basic policy for older homes, HO-8, covers the home and your personal property from 11 perils. See chart on page 26 to see what perils are excluded.



I have a collection of very valuable art. What precautions should I take to be sure I'm covered if I have a loss?


Be sure your agent knows about any valuable items you own when you purchase your policy. Keep documentation of the worth of these items in a safe location. Be sure you understand the limits and exclusions of your policy or any rider. If you have particularly valuable items or ones where the value might be

disputed, you might consider hiring a reputable appraiser.

My agent has suggested that I consider an umbrella policy. What is it and how do I determine if I need one?

An umbrella policy is an extra layer of liability protection above what you have through your home and auto policies. Such policies begin to pay after you reach the liability limits on your other policies. Umbrella policies cover bodily injury, property damage and personal injury and are generally inexpensive. You might consider one under a number of situations. Some include service on the board of a civic, charitable or religious group; the ownership of a swimming pool, trampoline, swings or other equipment that is used regularly by others; or if you own a dog who might bite someone.


A tree fell in my yard during a windstorm. My agent said my policy does not cover the cost of removing the tree. Why?




The standard homeowner's policy would cover the damages to your roof or home if a tree fell on it, as well as covering the cost of the tree removal, up to the limits of your policy. Generally, however, the cost of replacing trees and shrubs are covered for losses due to vandalism, theft and fire, but not for wind.


My wife and I are building a home. What insurance-related issues should we consider?

Call your agent NOW to discuss your coverage. Don't wait until the house is finished. Here are some general tips to consider:

 Make sure your contractor and any subcontractors have workers compensation coverage. Workers


compensation pays for medical and rehabilitation expenses and lost wages if a worker gets injured on the job. If the contractor does not have proper insurance, the injured worker might sue you.

 Be sure the contractor has his own general liability coverage and is bonded for performance. Make sure all work is completed and have the property inspected.

 Ask about upgrades that would make your home more resistant to the effects of natural disasters. Ask your agent about discounts.


What are some typical things a homeowner's policy will not cover?


In general, some exclusions are:


 Earth movement (without an earthquake endorsement)

 Sinkhole

 Ground water

 Rot, decay, cracking, settling

 Defects in materials and/or workmanship

 Damages caused by vermin, insects, rodents, domestic or wild animals

 General wear and tear

Filing a claim

Report any burglary, theft or vandalism to the police.

Phone your agent or company immediately. Be sure to make a list of questions.

Make temporary repairs and take other steps to protect your property from further damage. Save any receipts and keep a record of your time.

Make a list of lost or damaged articles.

Fill out the proper claim forms as soon as possible.

Tips for reducing your home insurance rates

Shop around. Review the rates in this guide, ask your friends for referrals, make some phone calls and do your homework before settling on a company. Keep in mind that you should consider more than just a low rate. Ask about the type of service companies offer and check their financial ratings. The cheapest policy may not be the best if you don't get quality service.

Before buying a new home, find out how much it will cost to insure. You will want to consider the condition of the home's electrical system, as well as the plumbing, heating/cooling and overall structure. Consider your risk for flooding since flood insurance must be purchased separately from your homeowner's policy. Also evaluate the fire service in the new neighborhood. How close are you to a fire hydrant? How far is the nearest fire department?

Consider raising your deductible. A deductible is the amount of money you pay "out of pocket" before your insurance company begins paying. Increasing your deductible can lower your premium. Be sure, however, that you pick a dollar amount that your budget could easily withstand in case of a claim.

Ask about any discounts. Some companies offer discounts to non-smoking households. Retired people may get a discount based on the assumption that they will be at home more and would spot a fire before it got out of hand. If you purchase your home and auto insurance from the same company, you may be eligible for a discount. If you have been a customer of a particular company for a number of years, you may be given

a "loyalty" discount. Ask about discounts for safety features like smoke detectors, burglar alarms, dead-bolt locks or a sprinkler system.




Review your policy on a yearly basis. Be sure you aren't paying for coverage you don't need. For example, the land your house is built on is not at risk so be sure you do not include its value when deciding how much insurance to purchase. Be sure all your possessions are covered but don't pay extra for things you may not have anymore or for items that are worth less than when you purchased them.

Tips for preventing burglary


Home security and insurance industry experts estimate that nine out of 10 household burglaries are preventable. Most burglars will avoid homes where they would risk being seen because of lighting, where it would take more than four or five minutes to break into the house, or where breaking in could create noise.





Some general tips include:


-  Trim trees and shrubs near doors and windows. Don't give the burglar a place to hide.
-  Mount exterior lights to reduce the darkness around your home.
-  Install simple security devices such as deadbolt locks and window locks and make sure you use them. Look for special locks to secure sliding glass doors. Consider installing a peephole or

viewer so you can see who's at the door before you open it.

 Don't give your address or other personal information to anyone who calls you on the telephone. If you are advertising an item for sale in the newspaper, do not include your address.

 Don't carry your house key on a ring that includes your home address.

 Don't hide your key under the mat, over the door or in another "secret" place, not even in one of those novelty items sold for that purpose. Burglars see the same ads you do and know where to look.

 When on vacation, make your home look like it does when you are home. Lower your phone's ringer so it can't be heard from outside. Stop your newspaper deliveries and have a friend or neighbor pick up your mail. Depending on the season, make sure your lawn is mowed or the snow is removed from your driveway or sidewalk. Consider using automatic timers to turn lights off and on at the appropriate times.

Fire protection classes

The Insurance Service Office (ISO) rates communities throughout the nation. The fire-protection class of your town or city may affect your insurance premium. The ISO uses a Fire Suppression Rating Schedule (FSRS) to determine how well a community handles the reporting of, the response to and the fighting of a fire. The scale is from one to 10 with one being the best



protection class and 10 being no protection at all.

The largest part of a city's grade is determined by the number of fire stations and the fire-fighting equipment available. ISO's minimum standard is one fire station within five miles of a house. Another major factor in the rating is your community's water supply. ISO's minimum standard is one fire hydrant within 1,000 feet of a home.

When Fido bites



The Humane Society estimates that there are 3 million dog bites per year in the United States. For the many American households who own a dog, this is becoming a major issue as it relates to home insurance.

Insurance companies do not have an industry-wide "blacklist." However, you might want to check with your insurance company if you are thinking of buying a pit bull, Doberman pinscher, rottweiler, German shepherd or chow chow, any larger dog or any "exotic" breed.

Some companies exclude **ALL** injuries caused by animals.

In general, a number of companies are including liability exclusions related to dog bites. This means if your dog is considered to be a risk, your company may refuse to write a policy or may include an exclusion for liability related to your dog. Unless specifically excluded, your policy will cover your liability for one bite. Some companies will consider

the circumstances surrounding the bite – was the dog provoked? Others don't care about the circumstances.

Rules on liability coverage for "dangerous" dogs, as well as the breeds that are placed in that category, will vary from company to company. You will need to get specific information about your policy.

Other items to consider



If you have a **trampoline** in your backyard, be sure to read your policy carefully and talk to your agent. Some companies will not accept risks with a

trampoline on the premises or will have exclusions for any liability related to trampoline injuries.

Swimming pools are another consideration. Your pool needs to be secured according to your insurance carrier's guidelines. Many require a fence of a specific height with a gate that can be locked.

You also might ask if the company requires railings around your **deck/porch** or handrails for any area with more than two steps.

Renter's Insurance

If you live in an apartment or rent a condo, duplex or house, you need to purchase renter's insurance to protect your belongings and assets. Your landlord's insurance protects damages to the building, but not your possessions.

Both HO-4 (renter's) and HO-6 (condo owners) policies cover losses to your personal property from 17 types of perils. (See chart on page

26.) Floods and earthquakes are not on the list so you will want to talk to your agent about adding those to your policy.

Be certain you know whether the company is writing "actual cash value" (ACV) or "replacement cost" coverage. Actual cash value will pay for what your property was worth at the time it was damaged or stolen. Replacement cost will pay for what it will cost to replace the items you lost.

Be sure to check the limits of your policy, particularly if you have expensive jewelry, electronics or antiques. You may need to purchase a rider to be sure you are adequately covered.

Most standard renter's policies also include liability protection. You would be covered up to your liability limits if someone falls or is hurt while in your apartment.

Your premium will depend on where you live, the deductible you choose, the insurance company and any additional coverages you purchase. Be sure to ask about any discounts.

If you are in college, are under 26 years old, and your parents have home or renter's insurance, you might have limited coverage in a dorm, but not if you live in an apartment.

Your policy may not be terminated and a company cannot refuse to write your coverage solely for any of these reasons: race, religion, nationality, ethnic group, age, sex or marital status; any lawful occupation of the applicant or insured; the age or location of the property (unless the denial can be proven to be a sound business decision); previous insurance termination or refusal to insure; previous insurance purchased from a non-standard carrier; credit history; or if the insured has had one or more losses attributed to a natural cause.

Sample Policy: For Educational Purposes Only

**ABCXYZ Insurance Company
Homeowner's Policy Declaration**

Jane Doe
123 4th St.
Anytown, KY 12345

Policy Number: 01234567
Policy Date: 01/19/1999
Expires: 07/19/1999

Legal Description: East side of 4th St. in Anytown, Any County

<u>Premium</u>	<u>Additional Premium</u>	<u>Tax and/or Surcharge</u>	<u>Total Premium</u>
\$213.00	\$40.30	\$32.93	\$286.23

Section I – Coverages and Limits of Liability

Loss deductible applicable – \$250 all peril

- A – \$77,400 on dwelling – 1 family, brick and masonry veneer – 1981
- B – \$7,740 on other structures
- C – \$38,700 on personal property
- D – Actual loss sustained – not to exceed 30% or coverage A on loss of use

Section II – Coverages and Limits of Liability

- E – \$100,000 on personal liability – each occurrence
- F – \$1,000 on medical payments to others – each person
- \$500 on damage to property of others – each occurrence

Protection Class – 05

Not more than 500 feet from hydrant; not more than three miles from fire station

Endorsements

HO 04 90 – Personal Property Replacement Cost

HO 04 54 – Earthquake – 5% deductible applies separately to Coverages A, B and C including any applicable endorsements

“Surcharge” is a 1.50 percent state of Kentucky premium surcharge.

Discounts: Smoke detectors, dead-bolt locks

Sample Policy Explanations

Be sure to read your entire policy!

The cover page of your policy is called the “declaration” or “dec” page. The top of the page will include the name of the insured, the policy number, and the address. Be sure to notify your company if your address changes. This will help avoid a delay in receiving your policy. The policy number will be listed. Keep this on hand in case you ever need to call about your coverage.

The policy also will show the date your policy goes into effect and the date it expires. Keep in mind that most policies are written for a year. The policy will show the local time on the listed date.

The “Premium” line shows the amount charged for your basic premium; the cost for the added premium for endorsements and/or surcharge, and the total amount owed.

In Section I, the coverage and limits of liability are listed. Note that the policy has a deductible of \$250. This is the amount you would pay before the insurance company begins paying.

A – In this policy, the homeowner has coverage for \$77,400 on the dwelling, a one-family home of brick and masonry construction.

B – The homeowner is covered for \$7,740 for other structures. This would usually include any free-standing building such as a detached garage or fencing.

C – The policy covers \$38,700 of contents such as clothing, furniture, etc.

D – This covers the actual cost, minus the deductible, of any loss of use. Note that the amount paid is not to exceed the actual cash value of the property. A.

Section II covers the coverage and limits of liability for personal liability and medical payments.

E – The policyholder is covered for up to \$100,000 of personal liability for each occurrence.

F – The policy covers medical payments to others up to \$1,000 per person. There is a \$500 limit per occurrence if the person is injured while on the property.

The Insurance Service Office has given this community a fire protection rating of 5.

This policy has two endorsements – *Personal Property Replacement Cost* and an *Earthquake* endorsement with a 5 percent deductible. Please read and understand your policy. Many companies apply the Earthquake deductible separately to Coverages A, B and C. This means this homeowner must pay the first 5 percent of each limit (building \$3,870; other structures, \$387; and content \$1,935) before the insurance company begins paying.

A 1.50 percent Kentucky premium **surcharge** is added to your insurance premium. This is used to fund programs for flood damage prevention. Some cities and counties may add local municipal premium tax.

Discounts should be listed on your premium notice and may include discounts for smoke detectors, dead-bolt locks, fire extinguisher, sprinkler system, etc. Ask your agent about available discounts.

LOSS CHART

			K
Covered Losses Indicated By	HO-2 (Broad)	HO-3 (Special)	
Contents coverage only			
Fire or Lightning			
Windstorm or Hail			
Explosion			
Riot or Civil Commotion			
Aircraft			
Vehicles			
Smoke			
Vandalism and Malicious Mischief			
Theft			
Volcanic Eruption			
Falling Objects			
Weight of ice, snow or sleet			
Accidental discharge or overflow of water or steam			
Sudden tearing apart, cracking, burning or bulging of heat, air conditioning or hot water system			
Freezing			
Sudden and accidental damage from artificially generated electrical current			
Open-peril on buildings			



Consumer Guide to Natural Disasters

Prepare for storms throughout the year

Just as certain as the calendar turns to spring, Kentuckians turn a watchful eye to the skies – as well as the creeks and rivers.

While spring is considered severe weather season, tornadoes and other damaging weather can occur any time during the year. As a matter of fact, 87 twisters hit Arkansas, Tennessee and Louisiana on *January 21, 1999*.

Winter weather brings its share of problems, too, and earthquakes can occur at any time.

Regardless of the time of year, there is nothing you can do to stop a tornado, flood or hailstorm from damaging your property. However, there are some things you can do NOW to be sure you are prepared for a weather-related disaster.

☂ **Review your insurance coverage to make sure it is adequate.** Storm and tornado damages are covered under a standard homeowner's policy, but it is important to review your policy to be sure it is adequate should you experience a loss. Since a standard homeowner's policy does not cover damages from flood, decide if you need additional protection. Consider any large purchases you may have made and determine if you are covered for losses.

☂ **Plan now for a future claim.** Inventory your personal property, including all model names and serial numbers. Do not overlook special occasion items such as china, silver, holiday decorations,

seasonal sports equipment, carpentry tools and baby furnishings. Remember any collectibles. If available, include sales receipts or appraisals, especially for more expensive items. You should consider photographing and/or videotaping each room, remembering to open closet or cabinet doors. Be sure you store inventory information away from your home, such as at work or in a bank safe deposit box.

Meteorology Terms

Watch – means conditions are favorable for the formation of a specific weather condition. Be alert and monitor weather conditions.

Warning – means there is an immediate threat. For example, a tornado warning means a tornado has been spotted visually or on radar. You must take appropriate precautions NOW.

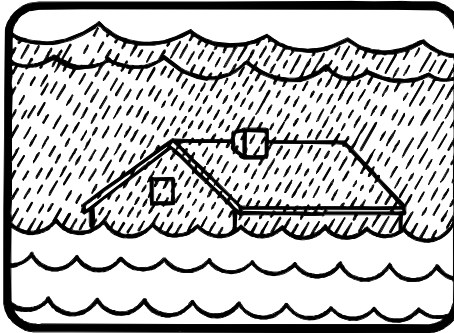
Create family disaster plan

- ☂ Discuss the types of disasters that could occur.
- ☂ Explain how to prepare and respond to each.
- ☂ Discuss what to do if advised to evacuate.
- ☂ Post emergency phone numbers.
- ☂ Show responsible family members how and when to shut off utilities.
- ☂ **Practice what you have discussed.**

Tips for dealing with floods

The first thing to remember is that a basic homeowner's policy does not cover flood damage. A homeowner should purchase a separate policy specifically for flood insurance. Most floods are too small and localized to qualify for federal assistance. If federal assistance is available, it generally comes in the form of grants or loans.

For information on purchasing flood insurance, contact your agent or the National Flood Insurance Program at 1-800-611-6123, ext. 490.



In the event of a flood, remember these tips:

- ☛ Be safe. Your home's foundation may have weakened or cracked; the electrical system may have shorted, and floodwaters may have left behind contaminated items that can make you sick. Many items will hold mud and germs forever. If in doubt, throw the item in the garbage.
- ☛ Don't walk or drive through a flooded area. Drowning is the number one cause of flood-related deaths. Remember that six inches of moving water can knock you down. More people drown in their cars than anywhere else.
- ☛ Stay away from downed power lines. Electrocutation is also a major killer during floods. Report downed power lines to your utility company immediately.
- ☛ Watch out for animals, especially poisonous snakes. Use a stick to poke through debris.
- ☛ When emergency authorities tell you to evacuate, move quickly. Don't return to your neighborhood until you are told it's safe.
- ☛ Don't remove branches or debris from a culvert under a road or driveway until the water goes down and you have solid footing. The suction or force of floodwaters can pull you under and through the culvert, increasing the danger of drowning.
- ☛ If you live in an area prone to flooding, stockpile emergency building materials such as plywood, plastic sheeting, lumber, nails, hammer and saw, pry bar, shovels and sandbags.
- ☛ Bring outdoor belongings, such as patio furniture, indoors and secure above floor level.
- ☛ Move valuable possessions to the upper floors or to safe ground if time permits.
- ☛ Responsible family members should know where the utility cutoff valves and switches are located.
- ☛ When you return to your home, watch your step. The ground and floors may be covered with debris, including broken glass and nails. Floors and stairs may be covered with slippery mud.
- ☛ Be alert for gas leaks.

If Items Have Come In Contact With Floodwaters...

Usually Throw Out

Mattresses, pillows

Foam rubber

Large carpets, padding

Upholstered couches, chairs

Books, paper products

Always Throw Out

Food, including canned goods

Cosmetics

Medicines, medical supplies

Stuffed animals

Baby toys

basement. If you don't have a basement, take shelter in a bathroom, closet or under a heavy piece of furniture on the lowest level. Use your arms to protect your head and neck.

☛ In the past, we have been advised to open windows during a tornado to equalize air pressure in the house. It is much more important to get to safety and to avoid being too near any windows due to the danger of breaking glass.

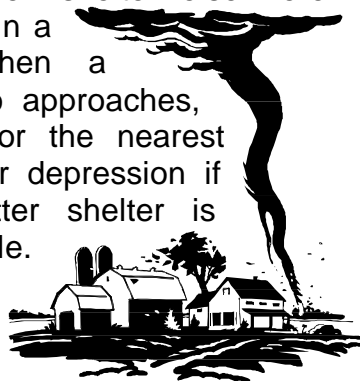
☛ After the storm is over, be alert for any potential hazards. Use extreme caution when moving about in an area damaged by a tornado. Watch for broken power lines, shattered glass, splintered wood or sharp, protruding objects.

Tips for dealing with tornadoes and wind

☛ Stay calm; don't panic. Don't attempt to flee from the path of a tornado in a car or other vehicle. They are no match for the swift and erratic movements of a tornado, which may have wind speeds of more than 200 miles an hour.

☛ Abandon cars or mobile homes and seek shelter elsewhere. If you're in a car when a tornado approaches, head for the nearest ditch or depression if no better shelter is available.

☛ If you are at home or at work, stay inside away from windows or exterior walls until the storm is over. The safest place in the home during a tornado is the



Earthquake Information

Three huge earthquakes occurred in 1811-12 near New Madrid, Missouri. The earthquakes were strong enough to change the course of the Mississippi River. Kentucky lies along the New Madrid fault. Experts say a repeat of the 1811-12 quakes would cause widespread loss of life and billions of dollars in property damage.

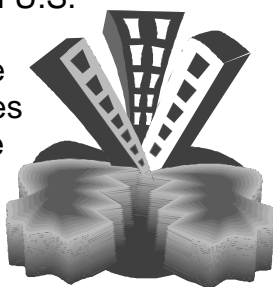
In Kentucky, the deductibles for earthquake insurance may vary based on your region of the state. *Remember, this deductible is based on the value of your policy. For example, if you live in a county with a 10 percent deductible and you insure your home for \$150,000, you would be responsible for the first \$15,000 in earthquake damages. In this case, if the damages to your home were less than \$15,000, you*

would pay the **entire** amount for home repairs and your insurance company would pay **nothing**. (See chart on page 34.)

What's going on in Kentucky?

The Commonwealth of Kentucky is part of the Central U.S.

Earthquake Consortium. The CUSEC improves public earthquake awareness and education; coordinates multi-state earthquake preparedness planning, response and recovery; and encourages research in earthquake hazard reduction.



The Kentucky legislature has mandated that earthquake education be taught in schools. In addition, Kentucky holds an Earthquake Awareness Week each year.

Also, the Kentucky Department of Transportation has initiated a program to strengthen highway bridges that don't meet earthquake design standards.

Tips for dealing with earthquakes

In case of an earthquake, follow these tips:

- ☛ Remember, DROP, COVER and HOLD ON. Drop to the floor or ground; cover your body, specifically your head and neck, and hold on to something sturdy until the shaking ends.
- ☛ If you are in a car, slow down and drive to a clear place. Do not stop under a bridge or overpass or in

a tunnel. Stay in your car until the shaking stops.

- ☛ Expect aftershocks.
- ☛ Do not use matches, lighters, electrical equipment, etc. until you are sure there are no gas leaks.
- ☛ Do not use the telephone unless it is a medical or fire emergency.
- ☛ If your water is off, an emergency supply may be obtained from melted ice cubes, from canned vegetables, from toilet tanks (if no bluing or sanitizing chemicals have been added), from swimming pools and spas, and from water heaters (strain water through a clean handkerchief before using.)
- ☛ Do not eat or drink from containers that are near broken glass.




Tips for dealing with other natural disasters

Fire

To avoid damages from a fire, the most important thing you can do is eliminate fire hazards.

- ☛ Keep trash in covered containers and dispose of it regularly.
- ☛ Store paint, paint thinner and other flammable materials away from heat sources.
- ☛ Don't overload circuits or use frayed electrical extension cords.
- ☛ Use only fuses and circuit breakers that bear the label of the Underwriters' Laboratories (UL)

or another recognized testing laboratory.

-  Never run an extension cord under a rug or behind curtains.
-  Don't let large amounts of trash accumulate, either indoors or outdoors. Clean out attics, basements, closets and garages frequently.
-  Be sure the batteries in your smoke detectors work. You might consider changing them when you change your clocks in the spring and fall. Develop and practice a family escape plan.

Snow/Ice

You should be familiar with your policy to know what winter weather-related damages may not be included in your coverage. In general, the following are not covered in a basic homeowner's plan:

- * Freezing of plumbing, heating or air conditioning, unless heat has been maintained or pipes have been drained.
- * Freezing, thawing pressure or weight of water or ice on a fence, pavement, patio, swimming pool, foundation, retaining wall or dock.
- * Ice and wind damage to trees.
- * Losses caused by power failure that occurs off-premises. This would include food spoilage caused by a power outage.

After a disaster

Most insurance companies will have representatives at the disaster site within 24 hours. Typically, announcements will be made on the radio and

in newspapers. Affiliated insurance agencies will be told where to direct policyholders.





The Kentucky Department of Insurance will have members of its disaster team on site to assist consumers as needed. In addition to those located on site, members of the Consumer Protection and Education division will be available to handle consumer complaints from the Frankfort location.


While you are waiting, there are some things you can be doing. For example, cover any holes in your roof to prevent further damage. Take steps to dry up any water. Move important papers and items that aren't covered by insurance to a safer location. Contact tree-removal and building contractors. Don't risk disease; discard bacteria-laden items as soon as possible.

Settling a claim

Patience is vital during the claims process!


Some facts to remember in settling your claim (they apply to non-disaster claims, also):


-  You are entitled to be reimbursed fairly for your loss, but you are not supposed to make a profit from a disaster.
-  You can't collect more than the face value of your policy.
-  You can't collect for uninsured items, such as landscaping.
-  Most adjusters receive a flat salary or compensation for each case they handle. Therefore, there is no incentive for them to give you a small claim payment.

 Get the adjuster's name, phone number and company since he/she may be from out-of-town.

Watch out for rip-off artists

Unfortunately, disasters bring out the worst in some people. You are at your most vulnerable when disaster strikes, so be wary of people who try to cash in on your misery. You must always be on your guard for home repair rip-off artists who overcharge, perform shoddy work and often leave without finishing the job. What can you do to find a quality contractor in the wake of a weather-related disaster?

 **Watch out for fly-by-night operators!** Be wary of builders or contractors who go door-to-door selling their services, especially those not known in your community or those who offer greatly reduced prices because they say they just completed work nearby and claim to have materials left over.

 **Make sure you are working with a credible firm.** Deal only with reputable and insured contractors. Ask trusted friends, relatives, neighbors, co-workers, your insurance agent or claims adjuster for recommendations. Consult your local Better Business Bureau to see if there are any complaints on file against the individual or company in question.

Don't let a con artist talk you into participating in a scheme to submit a phony insurance claim. You may be tempted by the promise of making some quick money, but you probably would be judged every bit as guilty as the swindler. An

attempt to rip off your insurance company is one way to turn a weather disaster into something even worse!

To report allegations of insurance fraud, call the Kentucky Department of Insurance Fraud Investigation Division at (502) 564-1461.

Sources for disaster information

American Red Cross

11th Floor
1621 N. Kent St.
Arlington, VA 22209
(703) 248-4222
www.redcross.org

Federal Emergency Management Agency (FEMA)

500 C Street, NW
Washington, D.C. 20472
(202) 646-2996
www.fema.gov

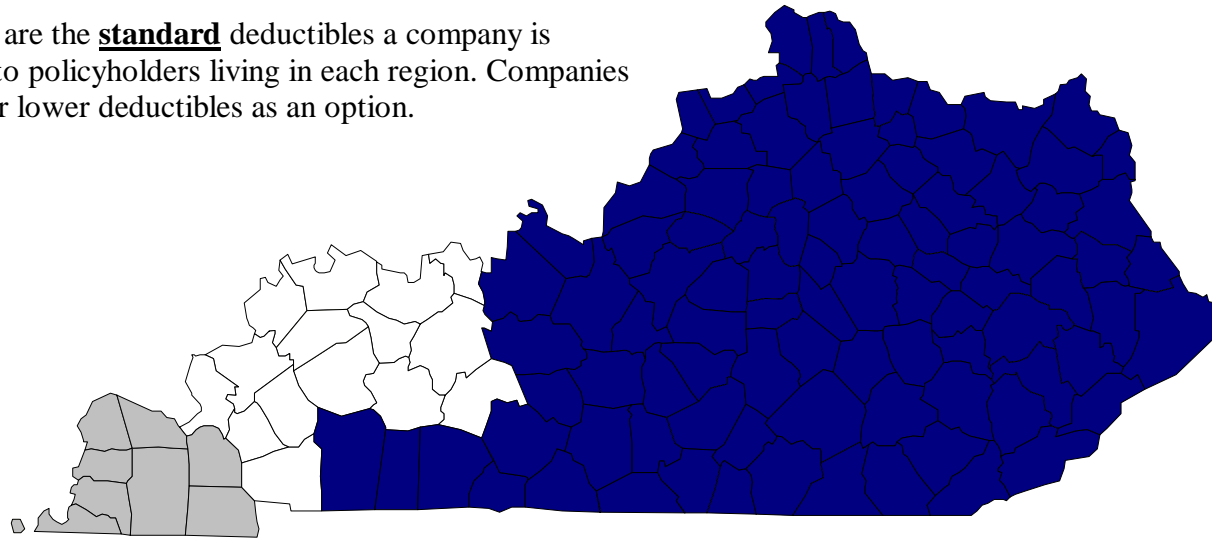
FEMA Region IV Office – includes Kentucky

1371 Peachtree St., NE
Ste. 700
Atlanta, GA 30309-3108
(404) 853-4400

National Association of Insurance Commissioners

120 W. 12th St., Ste. 1100
Kansas City, MO 64105-1925
(816) 842-3600
www.naic.org

These percentages are the **standard** deductibles a company is **required** to offer to policyholders living in each region. Companies may offer higher or lower deductibles as an option.



Far West Region

Standard deductible is
20 percent



Ballard, Calloway, Carlisle,
Fulton, Graves, Hickman,
Marshall and McCracken
counties

Near West Region

Standard deductible is
15 percent



Butler, Caldwell, Crittenden,
Daviess, Hancock, Henderson,
Hopkins, Livingston, Lyon,
McLean, Muhlenberg, Ohio,
Trigg, Union and Webster
counties

Eastern Region

Standard deducti
10 percent



All remaining cou

Sources

American Red Cross
Central United States Earthquake Consortium
Federal Emergency Management Agency
Insurance Information Institute, Inc.
Insurance Institute for Highway Safety
Insurance News Network
Insurance Service Office
The Kentucky Automobile Insurance Plan
Kentucky Department of Transportation
The Kentucky Fair Plan
Kentucky Insurance Laws and Regulations
Mothers Against Drunk Driving (MADD)
National Association of Insurance Commissioners
National Flood Insurance Program
National Highway Traffic Safety Administration
National Insurance Crime Bureau

Visit the
Kentucky Department of Insurance
web page for more information –
<http://doi.ppr.ky.gov>

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